



Claire McCaskill

Missouri State Auditor

December 2005

SOCIAL SERVICES

Family Support Division – Blind Pension Fund and Rehabilitation Services for the Blind



Office Of
Missouri State Auditor
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The following problems were discovered as a result of an audit conducted by our office of the Department of Social Services, Family Support Division – Blind Pension Fund and Rehabilitation Services for the Blind.

The Blind Pension (BP) and Supplemental Aid to the Blind (SAB) programs were created to provide blind/visually impaired Missouri residents age 18 or older with a reasonable subsistence compatible with decency and health. Although the SAB program is federally mandated, the BP program is not. The total benefit payments from the BP and SAB programs were approximately \$19.7 million, \$18.5 million and \$17.4 million for the years ended June 30, 2004, 2003, and 2002, respectively.

Statutory provisions for the calculation of pension increases and the distribution of excess monies in the Blind Pension Fund are unclear and difficult to apply, which has resulted in different interpretations of the calculations. Additionally, income guidelines for the BP program have not been established. As a result, some blind individuals with incomes as high as \$66,000 are receiving pension payments and state-funded Medicaid benefits. Also, since blind individuals are eligible to receive various other state and federal benefits, the BP program needs to be evaluated to determine whether the program is still necessary for some of the state's blind residents or if guidelines need to be revised.

The Rehabilitation Services for the Blind (RSB) needs to improve its controls over Supplemental Security Income (SSI) reimbursements. SSI reimbursements totaled approximately \$78,000, \$224,000, \$156,000, and \$1,171,000 for the period July 2004 to February 2005, and the years ended June 30, 2004, 2003, and 2002, respectively. Our audit found that the reimbursement claims were not filed on a timely basis. The responsibility for filing SSI reimbursement claims was assigned to several different RSB employees since June 2002, which has resulted in a decrease in the number of claims filed and contributed to the dramatic decline in reimbursements. No claims were filed between June 2003 and November 2004. Furthermore, the use of SSI reimbursement monies per the Vocational Rehabilitation (VR) program's financial records do not agree with the department's federal financial reports.

The RSB does not consider financial need when providing VR services to clients. As a result, some clients with the least financial resources may not be receiving services as needed. Also, VR program guidelines are not always followed.

Expenditures for the VR program totaled approximately \$5.8 million, \$5.6 million, and \$5.2 million for the years ended June 30, 2004, 2003, and 2002, respectively. During our review of 60 VR cases, we noted the following questionable items:

(over)

YELLOW SHEET

- The RSB paid over \$34,000 for dental restoration and related lodging and transportation expenses for a client, who had been employed by the same entity for over 14 years and had served as a supervisor for over 7 years. The dental work did not appear necessary for the client to retain employment.
- The RSB paid over \$700 for lodging less than 15 miles from an employee's home, while the employee attended training funded through their VR case.

In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client, with the client responsible for the remaining balance. In January 2002, the RSB was notified that the copier had been repossessed, and in April 2002, the RSB purchased the copier for \$7,300. The RSB has not identified a client that can use the copier, so it has been in storage since April 2002.

The RSB routinely opens a VR case for an employee when the employee wants/needs equipment. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. It is unclear that VR cases for RSB employees are appropriate.

The RSB also needs to improve its procedures for monitoring and enforcing compliance with terms of contracts with personal/vocational adjustment (PVA) facilities. The RSB paid these facilities, located in Missouri, Arkansas, Colorado, Ohio, and South Dakota, \$1,443,002, \$803,465, and \$802,204, during the years ended June 30, 2004, 2003, and 2002, respectively to provide certain training programs to allow clients to live independently. The PVA facility onsite monitoring visits are not always performed on a timely basis. Additionally, the RSB does not ensure issues from past monitoring reports have been properly resolved prior to approving new contracts or renewing contracts with PVA facilities.

The RSB contracts with the Lions Business Opportunities for the Missouri Blind, Inc. (LBOMB), a not-for-profit entity, to provide management services and fund administration for the Business Enterprise Program (BEP). As of June 30, 2004, the BEP was supervising the operation of over 55 vending facilities. The LBOMB's annual audit reports show in-kind donations provided by the RSB totaled \$340,844, \$335,426, and \$291,313, for the years ended September 30, 2004, 2003, and 2002, respectively. However, the RSB does not maintain documentation to support these amounts. The BEP does not require annual audits from a certified public accountant of the vending facilities, and the department's internal auditor no longer performs facility audits due to budget constraints and personnel shortages. Additionally, sanitation inspections of BEP facilities are not performed on a timely basis as required by state regulations.

The audit report also includes some other matters related to personnel, a data conversion contract, and capital asset records and procedures upon which the department should take appropriate corrective action.

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DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 BLIND PENSION FUND AND REHABILITATION SERVICES FOR THE BLIND

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Rehabilitation Services for the Blind

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Gary Sherman, Director
Department of Social Services
and
Janel Luck, Interim Director
Family Support Division
and
Mike Fester, Deputy Director
Rehabilitation Services for the Blind
Jefferson City, MO 65103

We have audited the Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant

agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind.



Claire McCaskill
State Auditor

April 15, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 BLIND PENSION FUND AND
 REHABILITATION SERVICES FOR THE BLIND
 MANAGEMENT ADVISORY REPORT -
 STATE AUDITOR'S FINDINGS

1. Blind Pension and Supplemental Aid to the Blind Programs

Statutory provisions for the calculation of pension increases and the distribution of excess monies in the Blind Pension Fund are unclear and difficult to apply. Income guidelines have not been established for the pension program and guidelines for the programs are not always followed. Also, the pension program manual has not been updated as guidelines change. Additionally, the Department of Social Services (department), Family Support Division (FSD), and members of the General Assembly need to evaluate whether the pension program is still necessary for some of the state's blind residents or if guidelines need to be revised.

The Blind Pension (BP) and Supplemental Aid to the Blind (SAB) programs were created to provide blind/visually impaired Missouri residents age 18 or older with a reasonable subsistence compatible with decency and health. These programs are managed by the FSD and are funded by a state property tax of three cents per \$100 of assessed valuation, which is deposited in the Blind Pension Fund. Although the SAB program is federally mandated, the BP program is not.

The programs differ slightly in eligibility requirements, and there are income limits for SAB recipients, but not BP recipients. Also, BP recipients must not be eligible for SAB benefits and federal Supplemental Security Income (SSI) benefits. BP/SAB recipients are automatically eligible for Medicaid benefits, regardless of their income, but are not allowed to receive any other public assistance payments, except that SAB recipients may receive SSI. However, SAB payments are reduced by the amount of SSI benefits received.

The total benefit payments from the BP and SAB programs, the monthly maximum benefit amount, and the caseloads for the three years ended June 30, 2004 were:

	2004	2003	2002
Total benefit payments to recipients	\$ 19,763,554	18,567,876	17,431,046
Maximum monthly individual payments to recipients	\$ 470	443	423
Average monthly cases	3,643	3,639	3,548

- A. Statutory provisions for the calculation of the monthly BP/SAB payment amount and the distribution of excess funds in the Blind Pension Fund are unclear and

difficult to apply, which has resulted in different interpretations of the calculations.

Section 209.040.4, RSMo, provides that the blind pension amount should be increased annually by a "monthly pension amount which equals one-twelfth of the quotient obtained by dividing seventy-five percent of the annual growth of funds in the blind pension fund for the preceding fiscal year by the number of persons eligible to receive the monthly pension". In addition, Section 209.130, RSMo, indicates "any balance remaining in the fund after the payment of the pensions may be appropriated for the adequate support of the commission for the blind, and any balance remaining at the end of the biennium shall be transferred to the distributive public school fund."

Unclear provisions include:

- The statute does not define the "annual growth of funds". The department was using the estimated change in the cash balance from year-to-year in the pension increase calculation. However, in response to a pending lawsuit, in fiscal year 2005, the department changed its methodology to define the annual growth as the estimated increase in the revenue from year-to-year. After the change in methodology, the lawsuit was withdrawn.
- The statute does not authorize subsequent adjustments for differences between the estimated and actual amounts used in the annual growth calculation or for caseload growth.

Prior to fiscal year 2005, the pension increase calculation used estimated revenue and expenditures for the current fiscal year (to estimate the next year's beginning cash balance), and estimated caseloads for the upcoming year. However, actual revenues and expenditures differed significantly from the estimations for some years. For example, estimated revenues for the year ended June 30, 2002, were \$19,595,135, while the actual revenues were \$21,016,983, for a difference of \$1,421,848. In addition, estimated expenditures for the year ended June 30, 2004, were \$23,415,906, while the actual expenditures were \$22,645,028, for a difference of \$770,878. An adjustment for the difference between the estimated and actual amounts in one year was not used in the next year's calculation. As a result, when growth was underestimated, the additional growth was not used to increase pensions.

The new pension increase calculation adopted in fiscal year 2005 also estimates the next year's revenue and caseload growth. These estimates are based on the last four fiscal years' actual amounts. Again, an adjustment for the difference between the last year's estimated and actual amounts is not used in the calculation. Also, the pension increase is

reduced so the increase in estimated pension expenditures will not exceed the estimated revenue growth. This reduction is made to prevent the caseload growth costs (estimated caseload growth multiplied by the pension rate prior to the pension increase) from depleting the Blind Pension Fund.

The statute only authorizes the calculation of pension increases, not the full pension amounts to be distributed. As a result, caseload growth could deplete the Blind Pension Fund, because only twenty-five percent of the annual growth of the fund is available to fully fund pension benefits for new cases. The remaining costs for the new cases must be paid from the existing balance of the Blind Pension Fund.

- Because the statute does not clearly define how the balance remaining in the fund at the end of the biennium is to be calculated, the amount to be transferred to the distributive public school fund is questionable. It appears the cash balance of the Blind Pension Fund at June 30, 2004, was a combination of any annual growth which had not been distributed (as noted above) and administrative funds from prior years not spent by the department. The department prepares a biennial calculation to determine if there are any unobligated monies in the fund. At June 30, 2003, the calculation showed all monies were obligated for pensions and administrative expenses.

The FSD should seek legislative changes to Sections 209.040 and 209.130, RSMo, for clarification regarding how distributions from the Blind Pension Fund are to be calculated and to ensure all relevant factors are considered in the calculations.

- B. Although the purpose of the BP program is to provide a subsistence payment, the FSD has not established income guidelines for the program. As a result, some blind individuals earning incomes in excess of \$66,000 are receiving pension payments and state-funded Medicaid benefits. The BP program also excludes some assets such as a home occupied as a residence when determining eligibility. In addition, deferred compensation funds and individual retirement accounts (IRAs) are not considered when determining eligibility unless they are available to be spent by the recipient.

During our review of 49 case files for BP recipients, we identified 24 recipients who earned more than \$1,935 per month, the maximum income allowed for a person in a two-income household to be eligible for Medicaid under other programs administered by the department. The gross salaries and wages of these recipients ranged from \$36,484 to \$66,113 (\$2,027 to \$3,673 per month) during the eighteen months ended March 31, 2004. The Medicaid benefits these recipients received totaled \$59,096, and ranged from \$631 to \$12,528 for each recipient.

We also identified that two of these recipients did not obtain health insurance offered by their employer. It appears the insurance was declined because they received Medicaid benefits. The Medicaid benefits these two recipients received totaled \$11,652 for the eighteen months ended March 31, 2004.

The FSD should consider establishing income guidelines for the BP program to ensure public assistance benefits provided in the form of the blind pension payments are only provided to blind individuals that are financially needy. Also, if health insurance is available from a recipient's employer, the division should consider requiring the recipient to obtain this insurance rather than automatically enrolling the recipient in the state-funded Medicaid program.

C. Program guidelines are not always followed.

1. The FSD does not perform eligibility redeterminations on a timely basis. During our test of 60 BP/SAB cases, we identified 10 cases for which the visual eligibility was not verified within the last five years, and 37 cases for which other eligibility factors were not verified annually. For some cases, the FSD had not performed an annual eligibility determination for up to eight years. Additionally, a vision test was not provided in one case for over 22 years and over 11 years in two other cases.

Section 209.040.1, RSMo, indicates a vision test must be provided to the FSD once every five years after the initial test to ensure the client continues to meet the visual eligibility requirements of the BP program. The FSD policies also impose a similar requirement for the SAB program. Other eligibility requirements of the BP/SAB programs are to be reinvestigated annually. Eligibility determinations should be completed in accordance with state law and FSD policies to ensure benefits are not provided to ineligible recipients.

2. The FSD did not document the determinations of ineligibility for SSI and/or SAB benefits in 4 of 41 BP case files reviewed. Section 209.040.1, RSMo, indicates blind pension benefits shall not be paid unless the blind person has been declared ineligible to receive SSI. In addition, FSD policy indicates BP applicants must have been rejected for SAB benefits. Determinations of ineligibility should be properly documented to ensure compliance with state law and FSD policies.

D. The BP manual is outdated. The most recent updates to the manual were prepared in October 1992. As a result, some of the information in the manual is not correct. For example, the maximum benefit payment amount was \$470 for the year ended June 30, 2004, but the manual indicates the maximum benefit payment is \$340. In addition, the manual indicates maximum amounts the FSD will pay for ophthalmologist reports and other visual examinations but these limitations are no longer enforced.

The BP manual should be updated on a timely basis as program guidelines change to ensure both department employees and recipients are aware of current program guidelines, and for the employees to consistently enforce the guidelines.

- E. The FSD and members of the General Assembly need to evaluate whether the BP program is still necessary for some of the state's blind residents or if the program guidelines need to be revised.

Blind individuals are eligible to receive other state and federal benefits including an annual tax credit on federal and state income taxes, and low-income blind individuals are eligible for the SAB Program. Also, the department's Rehabilitation Services for the Blind (RSB) administers several programs which are designed to provide blind individuals with the opportunity to attain the independent living skills appropriate for the individual and obtain employment commensurate with their goals and abilities. Additionally, as noted above, the BP program does not have income guidelines to ensure only financially needy individuals are receiving these subsistence payments.

We contacted several neighboring states and none of these states currently have a blind pension program. Kansas and Illinois indicated that in the past their state had such a program, however, their program was discontinued and their blind residents were moved to the federal SSI program. The SSI program was created in 1973 to provide assistance to the aged, blind and disabled and replaced Missouri's programs of old age assistance, aid to the blind, and permanent and total disability. Thus, there are many benefits available to blind residents and a monthly cash payment may not be needed.

WE RECOMMEND the department, through the FSD:

- A. Seek legislation to clarify the statutes relating to the payment of pensions and other distributions from the Blind Pension Fund and ensure all relevant factors are considered in the calculations.
- B. Consider establishing income guidelines for the BP program. Additionally, the division should consider requiring BP recipients to obtain health insurance through their employer, when it is available to them, instead of relying on the state's Medicaid Program.
- C. Ensure program guidelines are followed. Procedures should be developed to complete BP/SAB eligibility redeterminations on a timely basis and to document the determinations of ineligibility for SSI and SAB benefits for BP cases.
- D. Establish procedures to ensure the BP manual is updated on a timely basis when program guidelines change.

- E. Along with members of the General Assembly, need to evaluate whether the BP program is still necessary for some of the state's blind residents or if the program guidelines need to be revised.

AUDITEE'S RESPONSE

- A. *We disagree with this recommendation. The Division does not believe that any clarification is needed.*
- B. *We disagree with this recommendation. We will continue to administer the program in accordance with the statutes.*
- C. *We agree with this recommendation. Re-determinations are being done annually in accordance with SB 539. Documentation of determinations will be stressed with staff.*
- D. *We agree with this recommendation. The BP manual is being updated, will be completed by 11/1/05, and will be reviewed annually.*
- E. *We disagree with the recommendation; however, we will be available to participate in any discussions members of the General Assembly want to have.*

2. Vocational Rehabilitation Program – Policies and Procedures

The department's RSB needs to improve its controls over SSI reimbursements, to consider the financial needs of the client when providing services, and to ensure program guidelines are followed. In addition, information on federal reports is not always accurate.

The Vocational Rehabilitation (VR) program, managed by RSB, provides equipment, training, physical restoration, and other services to blind and visually impaired individuals to enable them to prepare for, secure, retain, or regain employment. The program is funded by a federal grant that pays 78.7 percent of the VR costs, up to the total grant award amount.

- A. The RSB needs to improve its controls over SSI reimbursements.
 - 1. SSI reimbursement claims were not always filed on a timely basis, and some claims may not be paid because they were not filed during the allowable timeframe.

Federal regulations allow the RSB to claim reimbursement of costs incurred in providing VR services to SSI recipients that achieve employment in a successful, gainful activity for nine months. SSI reimbursements totaled approximately \$78,000, \$224,000, \$156,000, and

\$1,171,000 for the period July 2004 to February 2005, and the years ended June 30, 2004, 2003, and 2002, respectively.

The responsibility for filing SSI reimbursement claims has been assigned to several different RSB employees since June 2002, which has resulted in a decrease in the number of claims filed and contributed to the dramatic decline in reimbursements noted above. Additionally, between June 2003 and November 2004, no claims were filed.

Federal regulation 20 CFR 416.2216 requires SSI reimbursement claims be filed within one year after the nine month employment requirement is met. The RSB employee currently filing claims is appealing the denial of claims filed late. To maximize SSI reimbursement revenue, the RSB should ensure all SSI reimbursement claims are filed within one year, as required by federal regulation.

2. The SSI reimbursement monies are not accounted for properly. The SSI reimbursements are considered program income of the VR program. Federal regulation 34 CFR 361.63(c) indicates program income, whenever received, must be used, in the year received, for the provision of VR services and the administration of the VR State Plan. It also indicates program income can not be used to meet the state's matching requirement for the VR grant.

- The use of the SSI reimbursement monies per the VR program's financial records do not agree with the department's federal financial reports. The VR financial records shows that SSI reimbursements were not always disbursed in the year they were received. However, the department's quarterly federal financial reports show that all SSI reimbursements were disbursed in the year the monies were received. The quarterly reports are prepared by the department's Division of Budget and Finance (DBF).

For example, in the federal fiscal year ended September 30, 2002, the federal financial report showed program income received/used totaling \$1,019,048; however, the VR financial records showed that program income only paid expenditures totaling \$216,222. In the federal fiscal year ended September 30, 2003, program income received/used was reported as \$77,750, but financial records showed that program income paid expenditures totaling over \$500,000.

- The balance of unspent program income from SSI reimbursements is not known. The RSB maintained a spreadsheet to document receipts and disbursements of SSI reimbursement monies from October 1990 to September 2003. The spreadsheet showed the

balance of unspent SSI reimbursement monies was approximately \$5.7 million at September 30, 2003. However, several amounts recorded on the spreadsheet did not agree to the VR financial records. Thus, the spreadsheet appears to be inaccurate.

The RSB, in conjunction with the DBF, should establish procedures to ensure the receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB and DBF should ensure program income is disbursed prior to spending grant funds and state monies.

- B. The RSB does not consider financial need when providing VR services to clients. As a result, some clients with the least financial resources may not be receiving services as needed.

For example, the November 2003 minutes of the RSB advisory council indicated the RSB only provided Braille lessons to clients once per month, partly due to budget constraints. Thus, these clients were not receiving the services necessary to achieve their goals in a reasonable amount of time. However, during our review of 60 VR cases, we identified 22 clients who earned over 185% of the federal poverty level. Twenty of these clients were RSB employees, with annual salaries in excess of \$29,000. Additionally, 16 of these clients were also BP recipients and two were SAB recipients.

Federal regulation 34 CFR 361.54(b)(1) allows the state to consider the financial need of eligible individuals for the purpose of determining the extent of their participation in the costs of their VR services. Additionally, the VR program operated by the Department of Elementary and Secondary Education, Division of Vocation Rehabilitation (DESE-DVR) for non-blind individuals utilizes a financial needs test to determine eligibility for agency participation in the cost of VR services.

The RSB could increase funding available for Braille lessons and other pertinent services by requiring clients with higher incomes to participate in the cost of their services. The RSB should consider implementing a financial needs test and requiring clients with income over a specified level to participate in the cost of their VR services.

- C. VR program guidelines are not always followed.
 - 1. A case file for a RSB district supervisor's case could not be located. As a result, we were unable to determine whether the employee was eligible for VR services, whether the services provided were reasonable and necessary to meet the case goals, and whether the case was reviewed annually.

However, RSB's central office maintained invoices, totaling approximately \$13,000, for this case. Expenditures included two computers and supplies, a printer, a scanner, software, furniture, and other supplies and equipment.

Case files should be retained to provide documentation of compliance with VR regulations regarding eligibility, case planning and goals, and annual reviews. In addition, RSB policy requires closed case files to be retained at the applicable office for two years and then sent to state archives for an additional five years.

2. An unqualified RSB employee was appointed to serve as a VR counselor. In January 2002, the acting deputy director appointed a fiscal employee to serve as a VR counselor for RSB district supervisor cases. The fiscal employee had no training in rehabilitation or counseling.

The VR state plan requires all direct client-service positions have a Master's Degree in either rehabilitation or a related field and the counseling staff have a Master's Degree in rehabilitation, counseling, social work or a related discipline, or are working toward achieving this requirement. The RSB should ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.

3. Some inactive cases were not closed because annual reviews were not performed as required by federal regulation. Annual reviews were not performed for 2 of 52 VR cases reviewed that had been open for over a year.

In one case, opened in 1999, an individualized plan for employment (IPE) had not been developed. However, other information in the file indicated the client might not be a candidate for competitive employment. The other case was opened in 1992; but, the case has not been reviewed since 1999 when the client stopped attending college.

It appears both of these cases should be closed. Performance measures used to evaluate the effectiveness of the VR program are based on information from cases closed during the year. Failing to close cases on a timely basis may distort the results of performance measurements. In addition, Federal regulation 34 CFR 361.45(d)(5) requires an annual review of IPEs to assess the individual's progress in achieving the identified employment outcome. The RSB should establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

4. Equipment expenditures exceeding program limits were not always properly authorized. In four of nine VR cases reviewed, equipment

purchases in excess of \$10,000 were not approved by the proper individual. Equipment purchases for these cases ranged from \$11,000 to \$17,000. Additionally, although invoices for the equipment purchases are maintained in the case file, a cumulative total of equipment purchases is not prepared. Thus, a total must be generated each time the total equipment amount is needed.

The program guidelines provide that cumulative equipment purchases in excess of \$10,000 per case must be approved by the applicable district supervisor and cumulative equipment purchases in excess of \$14,000 per case must be approved by the RSB deputy director or his/her designee.

The RSB should require VR counselors to document the cumulative equipment expenditures for each case. This cumulative total should be reviewed prior to authorizing additional equipment purchases for a case. Also, the RSB should establish procedures to ensure equipment purchases in excess of \$10,000 are properly authorized.

5. Policies regarding payment of dental services were not adequately documented and enforced. Dental services for 2 of the 60 VR cases reviewed appeared excessive.

For one client (a RSB supervisor), the RSB paid \$998 each for 27 porcelain/ceramic crowns, while the DESE-DVR schedule only authorizes \$79 for stainless steel crowns. The RSB also paid \$496 each for root canal services on four teeth, while the DESE-DVR schedule only authorizes \$161 per tooth for root canal services. In addition, the RSB paid \$1,662 for additional services that are not listed on the DESE-DVR rate schedule. For the other client, the amount paid exceeded the DESE-DVR limit by \$193.

The RSB program guidelines provides that dental services are to be paid at Medicaid rates. However, office personnel indicated the policy was revised to pay dental services based on the rate schedule established by the DESE-DVR, if a dentist was willing to accept the rates. The RSB has not formally documented this change in policy.

Any change in program guidelines/policies regarding the payment of dental services should be formally documented and be consistently enforced to ensure all clients are treated equitably.

6. Some VR services and/or expenditures were not approved by appropriate personnel.

For example, a clerical employee in one district office signed a VR counselor's name to authorize over \$30,000 of dental work for her district

supervisor's case. Two clerical employees in the central office approved invoices totaling approximately \$4,200 for this district supervisor's case by signing the assistant deputy director's name. These expenditures were for mediation training, office furniture, computer software and supplies, contact lenses, and other supplies and services.

In another district office, a clerical employee signed the assistant deputy director's name to authorize the purchase of goods and services totaling over \$900 for her district supervisor's case. The goods and services included a leather wallet, a cassette player, some low-vision aids, and software maintenance agreements.

The clerical employees were not authorized to sign on behalf of a VR counselor or the RSB's assistant deputy director. To ensure services and expenditures are reasonable and necessary, the RSB should ensure all disbursements are approved by authorized personnel.

7. The RSB overpaid a client for personal incidental expenses. From September 2002 to April 2004, the client was paid \$500 per month for housing and meal expense plus \$120 per month for personal incidental expenses while attending college. However, state regulations at 13 CSR 40-91(14)(B)3 provide the total for housing, meals, and incidentals should not exceed \$500 per month. Although the error was detected in November 2003, the overpayments continued while the client was in school. According to RSB personnel, since the error was RSB's fault, they did not want to penalize the client.

The RSB should consistently enforce payment limits to ensure all clients are treated equitably.

D. Information listed on the RSB's federal reports is not always accurate.

1. Some information reported on quarterly cumulative caseload status reports was incorrect. The RSB did not track the information necessary to readily identify cases for clients that had an approved IPE, but had not started receiving services. Although a status code number has been assigned to identify such cases, the RSB was not using this status code. As a result, the RSB had to review individual cases to identify cases in this status.

Although the RSB identified the number of cases in this status and reported this information on the reports, these cases were already included in the totals reported for cases of eligible clients without an approved IPE or for cases of clients receiving services. Therefore, some cases were counted twice on the reports, under two different case status categories.

The RSB should use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports. In addition, the RSB should ensure each case is only reported under one status category.

2. Some expenditures reported on the quarterly federal financial reports for innovation and expansion activities did not appear to be used for these purposes. During the years ended June 30, 2004, 2003, and 2002, the RSB reported innovation and expansion expenditures totaling \$31,290 \$19,350 and \$106,371, respectively.

These amounts included travel costs for conducting on-site monitoring visits of personal vocational adjustment (PVA) facilities that provide services to RSB's VR clients. During our test of 144 RSB expenditures for the three years ended June 30, 2004, we identified PVA monitoring costs totaling \$4,498 recorded as innovation and expansion activities.

Federal regulation 34 CFR 361.35(a)(1) provides that the RSB must use a portion of VR grant funding for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services. Expenditures for routine PVA facility monitoring visits do not appear to meet this requirement and should not be included in the innovation and expansion expenditure totals listed on the quarterly federal financial report.

WE RECOMMEND the department, through the RSB:

- A.1. Ensure SSI reimbursement claims are filed within one year, as required by federal regulation.
2. Establish procedures to ensure receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB should work with the DBF to identify the unspent balance of SSI reimbursement monies and should ensure program income is disbursed prior to spending grant funds and state monies.
- B. Consider implementing a financial needs test and require clients with income over a specified level to participate in the cost of their VR services.
- C.1. Ensure all case files are retained in accordance with RSB policy.
2. Ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.
3. Establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

4. Require the cumulative equipment expenditures be documented in the client's case file. The RSB should also establish procedures to ensure proper authorization is received prior to exceeding cumulative equipment expenditure limits.
 5. Document all policy changes related to dental services and ensure these policies are consistently applied to all clients.
 6. Ensure disbursements for services and other expenditures are only approved by authorized personnel.
 7. Ensure payments for maintenance and personal incidental expenses do not exceed the limit set by state regulation.
- D.1. Use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports and ensure each case is only reported under one status category.
2. Discontinue reporting routine PVA facility monitoring costs as innovation and expansion expenditures.

AUDITEE'S RESPONSE

- A.1. *We agree with this recommendation. RSB is now in compliance with this regulation. The Social Security Administration reviewed the situation, established there is "good cause" for late filing, and has temporarily waived the filing deadline. All future closures will be filed on a timely basis.*
2. *Much of this work has already been done. RSB has already developed a detailed tracking system that tracks all amounts submitted for SSI reimbursements and how much RSB receives once the case has been reviewed by the Social Security Administration. Through codes already established in SAM II, RSB will be able to monitor how much of the funds received were spent during the fiscal year. RSB will meet quarterly with the Division of Budget and Finance to ensure we are in agreement on the balance of reimbursement funds.*
- B. *We disagree with this recommendation. RSB has considered the implementation of a financial needs test and believes it is not needed at this time for the following reasons:*
1. *There is no federal requirement that the financial need of the individual be considered in the provision of vocational rehabilitation services and Rehabilitation Services for the Blind may not apply a financial needs test to, or require the financial participation of the individual as a condition for furnishing basic vocational rehabilitation services, including assessment, counseling and guidance, and job related services.*

2. *RSB may not consider the financial means of, or require the financial participation of, an individual as a condition for furnishing any vocational rehabilitation services if that individual has been determined eligible for social security benefits under Title II or XVI (SSI and SSDI respectively) of the social security act.*
3. *RSB has met the needs of all blind and visually impaired consumers who have requested vocational rehabilitation services without having to implement an order of selection.*

RSB will continue to monitor closely its fiscal ability to provide the full range of reasonable and necessary services to all blind and visually impaired Missourians who apply for services. RSB will continue to consider financial needs tests for services within federal regulations as a method to ensure that we maintain the ability to provide the full range of services to all eligible individuals.

- C.1. *This was an isolated incident occurring under a previous administration and RSB will ensure that all case files are retained in accordance with RSB and State Policy.*
2. *This was a single isolated event done by a previous administration. RSB staff has already been instructed on RSB policy and case reviews are conducted to ensure that only qualified vocational rehabilitation counselors may:*
 - A. *determine eligibility of an applicant;*
 - B. *sign and approve the eligible consumer's Individualized Plan of Employment;*
 - C. *conduct an annual review of an eligible individual's Individualized Plan of Employment.*
3. *Procedures are already established. The audit revealed 2 of 52 cases that were lacking documentation of review. RSB's caseload is monitored closely regarding the review of all Individualized Plans of Employment (IPE) at least annually by a qualified vocational rehabilitation counselor. The current IPE form contains a data field for that documentation.*
4. *We agree with this recommendation. RSB will develop and implement appropriate financial data collection policies and procedures that will ensure that cumulative recording of equipment expenditures is maintained in individual case files no later than December 1, 2005.*
5. *RSB will establish and implement a comprehensive policy and fee schedule for dental services that mirrors Medicaid rates by January 1, 2006.*
6. *The previous administration allowed this practice to take place in two instances. RSB has already modified the Authorization for Services form to ensure that services and other expenditures are authorized by appropriate personnel.*

7. *RSB established new policy and procedures regarding maintenance effective December 20, 2004, which ensure that payments do not exceed those limits in state regulation. The audit revealed one case under the previous administration that exceeded that limit.*
- D.1. *We agree with this recommendation. RSB has received input from our federal partner and has corrected the reporting errors that resulted from incorrectly reporting cumulative caseload data.*
2. *We agree with this recommendation. RSB has already corrected the coding which incorrectly categorized PVA monitoring travel expenses as innovation and expansion activities.*

AUDITOR'S COMMENT

- B. If a VR client does not receive SSI or SSDI, federal regulations allow a financial needs test be applied to many VR services. Furthermore, the auditee's response is misleading. The twenty-two VR clients cited in our finding had income levels that made them ineligible for SSI or SSDI. As a result, the auditee's response designated as B.2. does not apply to the exceptions noted in our report.

3. Vocational Rehabilitation Program - Expenditures
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Some expenditures for the VR program did not appear reasonable and/or necessary. Expenditures for the VR program totaled approximately \$5.8 million, \$5.6 million, and \$5.2 million for the years ended June 30, 2004, 2003, and 2002, respectively.

- A. We identified the following questionable items during our review of 60 VR cases.
- The RSB paid over \$34,000 for dental restoration and related lodging and transportation expenses for a client. The client indicated the dental work was necessary to present a confident and professional image when making presentations. However, the client had been employed by the same entity for over 14 years and had served as a supervisor for the entity for over 7 years. The dental work did not appear necessary for the client to retain employment.
 - The RSB also paid over \$700 for lodging less than 15 miles from an employee's home. The lodging costs were incurred while the employee was attending training funded through their VR case. However, department policy provides that lodging costs be reimbursed when the distance traveled is more than 50 miles from the employee's official domicile. Therefore, payment of these lodging expenses does not appear reasonable.

- The RSB reimbursed a client \$10,865 for 20 head of cattle purchased for an existing farm operation. The case file indicates the client had operated the farm for many years and it was profitable. Therefore, it does not appear additional cattle were necessary for the client to sustain this self-employment.

Section 103(a) of the Rehabilitation Act of 1973 indicates allowable VR services are those necessary to prepare for, secure, retain, or regain employment. The expenditures listed above do not appear to meet this criteria and/or department policy. These costs will be questioned and forwarded to the applicable federal agency for resolution as a part of our fiscal year 2005 Single Audit Report to be issued at a later date.

- B. The RSB purchased a copier for a client; however, the copier is not being used. In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client. The client was responsible for the remaining balance. In January 2002, the RSB was notified that the copier had been repossessed, because the client stopped making the required payments in July 2000. The balance due on the machine was \$8,615, because the client had continued to use the machine and related supplies after the payments were discontinued.

In April 2002, the RSB purchased the copier for \$7,300, but did not put it into use. Office personnel indicated it was not being used by RSB office personnel because it was purchased for client use. However, RSB has not identified a client that can use the copier, so it has been in storage since April 2002. The RSB should ensure purchases are reasonable and necessary. The copier should be put into service or surplus.

- C. The RSB held a two-day staff meeting at a resort at the Lake of the Ozarks in November 2004. This meeting included at least 26 staff members domiciled in Jefferson City. Meals and lodging for the meeting totaled approximately \$11,900. Of this amount, approximately \$2,500 was related to lodging for the Jefferson City staff that were in attendance and \$676 was for 13 unused rooms that were not canceled on a timely basis. These amounts do not include mileage costs to Lake Ozark from Jefferson City. Additionally, bidding consideration was only given to locations at the Lake of the Ozarks.

According to RSB management, the meeting was held at Lake Ozark because it is a centralized location where staff can meet without distractions. However, if this meeting had been held in Jefferson City, expenditures for lodging, mileage, and some, if not all meals would not have been incurred for Jefferson City staff.

- D. It is not clear that VR cases for RSB employees are appropriate. Additionally, some VR counselors and district supervisors are approving expenditures for

employees in their district office and for members of the State Rehabilitation Advisory Council.

- The RSB routinely opens a VR case for an employee when the employee wants/needs equipment. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. As an employer, it appears the RSB should provide its employees with the equipment necessary to perform their duties. The RSB is reducing its administrative costs by using the VR program to purchase equipment for its employees.
- Except for district supervisor cases which are approved by the RSB assistant deputy director, the approval of all VR case expenditures is done by the applicable district supervisor or VR counselor. This practice could be a potential conflict of interest when approving expenditures for employees and council members.

The RSB should review the practice of allowing employees to have VR cases. Furthermore, VR expenditures for employees and council members should be reviewed and approved by the assistant deputy director of the RSB. This is necessary to ensure services and expenditures for these cases are reasonable, necessary, and comparable to those provided for non-employee/non-council member VR cases.

WE RECOMMEND the department, through the RSB:

- A. Ensure services provided to VR clients are appropriate. The services should enable clients to prepare for, secure, retain, or regain employment and meet applicable department policy.
- B. Ensure purchases are reasonable and necessary. In addition, the used copier purchased in 2002 should be put into service or surplus.
- C. Review expenditures for future staff meetings and ensure the costs are reasonable and necessary.
- D. Review the practice of allowing RSB employees to have VR cases. In addition, the RSB should require its assistant deputy director to review and approve all VR expenditures for its employees and council members.

AUDITEE'S RESPONSE

- A. *RSB already ensures services provided to VR clients are appropriate. Under a previous administration, an unqualified person acting as a vocational rehabilitation counselor authorized services that were excessive and that violated RSB policy regarding services and travel expenses for a vocational rehabilitation consumer in the first two instances*

described in 3.A. above. In the third instance referenced, RSB believes the expense of purchasing additional stock to be fully appropriate and necessary in the support of the individual's goal of self-employment, as justified in his business plan and documented in the Individualized Plan for Employment.

- B. RSB strives to ensure that all purchases are reasonable and necessary. The copier referenced here was purchased in accordance with the Individualized Plan for Employment of a consumer as being a reasonable and necessary component of the consumer's business plan. Following the failure of the consumer's small business venture, the copier was retained by RSB pending its possible use in a future vocational rehabilitation consumer's case. As this equipment was purchased for consumer use, its use in an RSB office would violate federal regulations. The copier is currently being evaluated for use in another vocational rehabilitation consumer's case.*
- C. We agree with this recommendation. RSB has already cancelled plans for a statewide staff meeting to be held in 2005. Any future staff meetings will be conducted in locations and facilities that are selected through a bid process that will ensure the most reasonable and cost effective use of funds.*
- D. We agree with this recommendation. RSB implemented a policy in September 2005 allowing vocational rehabilitation cases for newly hired RSB employees to remain open until completion of their probationary period. Current RSB employees may only open a vocational rehabilitation case in keeping with specific criteria authorized by federal regulations and with the approval of the Deputy Director. The Assistant Deputy Director will review and approve all authorizations for services for RSB employees and State Rehabilitation Council for the Blind members.*

4. Vocational Rehabilitation Program – Training Facilities

The RSB needs to improve its procedures for monitoring and enforcing compliance with terms of contracts with PVA facilities. The RSB has agreements with five PVA facilities to provide comprehensive personal/vocational adjustment services to RSB's VR clients. The facilities are located in Missouri, Arkansas, Colorado, Ohio, and South Dakota.

The services provided include vocational evaluation, orientation and mobility training and equipment, daily living skills training, communication skills (including Braille, oral and written communication skills, and basic computer training), and occupational skills evaluation and training.

The RSB paid these facilities \$1,443,002, \$803,465, and \$802,204, during the years ended June 30, 2004, 2003, and 2002, respectively.

- A. The PVA facility onsite monitoring visits are not always performed on a timely basis. No visits were conducted between July 1 and December 31, 2004, and only one facility was visited during the year ended June 30, 2004. However, the other four facilities were visited during the year ended June 30, 2003. Office personnel*

indicated a monitoring visit is to be conducted during each annual contract period or within six months after the end of the contract period.

The monitoring visits are used to ensure the facilities are providing appropriate services to the clients and are in compliance with contract terms. The RSB needs to perform the onsite monitoring of PVA facilities in a timely manner. Also, to help reduce monitoring costs, the RSB should consider contracting with the VR agency in the home state of each PVA facility to perform the onsite monitoring.

- B. The RSB does not ensure issues from past monitoring reports have been properly resolved prior to approving new contracts or renewing contracts with the PVA facilities.
- The RSB completed the monitoring visit of one PVA facility a few days before the facility's contract expired on June 30, 2003. Because the contract was not renewed, the facility did not provide a response to the monitoring report. Issues cited in the report included noncompliance with record, service, and operational requirements. In September 2003, the RSB entered into a new contract with the facility without ensuring the deficiencies identified had been properly resolved.
 - The RSB did not require another facility to provide a complete corrective action plan addressing all issues cited in its monitoring report. Issues cited included noncompliance with requirements relating to records, reports, payments/invoices, residential services, orientation and mobility, general contractual terms, and other issues. The facility did not respond to all the concerns listed in the report and the RSB did not require the facility to submit any additional documentation to address the concerns.

The RSB should ensure all deficiencies cited in a PVA facility monitoring report are adequately addressed by the facility. The benefits intended to be realized from monitoring visits are significantly diminished if the RSB does not ensure deficiencies are corrected. Additionally, all concerns should be resolved prior to approving or renewing contracts with the facility.

WE RECOMMEND the department, through the RSB:

- A. Establish procedures to ensure PVA facility onsite monitoring visits are conducted on a timely basis. Also, to help reduce costs, the RSB should consider contracting with the VR agency in the facility's home state to perform the monitoring visit.
- B. Establish procedures to ensure all deficiencies cited in the PVA facility monitoring reports are adequately addressed. In addition, the RSB should ensure all concerns are resolved prior to approving or renewing contracts with the facilities.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. RSB will communicate with the vocational rehabilitation agencies in the states where our contracted PVA facilities are located and attempt to establish a cooperative agreement to allow that agency to perform annual monitoring visits to the local facility. This will be completed by January 1, 2006. RSB staff would continue to perform an on-site monitoring visit every three years, or upon contract renewal.*
- B. *The previous RSB Administration appears to have not followed this policy. RSB has established procedures as part of the contracting process that will require that monitoring reports reflecting deficiencies must be addressed by the PVA facility in a timely fashion. These procedures will ensure that any deficiencies noted in a monitoring report must be corrected to RSB's satisfaction prior to the issuance of a new or renewed contract.*

5. Business Enterprise Program

State resources provided to the administrative agent for the Business Enterprise Program (BEP) are not adequately monitored and documented. In addition, annual audits of BEP facilities are not required and sanitation inspections of BEP facilities are not performed on a timely basis. Also, the RSB does not actively pursue vending sites in some state locations.

The Randolph-Sheppard Vending Stand Act mandates that priority be given to legally blind individuals in the operation of vending facilities existing or to be developed on federally owned, leased, or occupied property. State law provides similar preference in state buildings. The provisions of the Act are administered by the RSB through its BEP. The BEP assists blind persons to achieve success as self-employed business persons by providing facilities, training, inventory, and equipment to enable blind persons to operate vending facilities. Vending facilities include cafeterias, snack bars, convenience stores, and vending machines, including vending machines located in rest areas along the interstate highway system.

The RSB contracts with the Lions Business Opportunities for the Missouri Blind, Inc. (LBOMB), a not-for-profit entity, to provide management services and fund administration for the BEP. The RSB's BEP supervisor serves as the chief operating officer of the LBOMB and supervises the LBOMB's three employees. The LBOMB employees are housed at the RSB central office. As of June 30, 2004, the BEP was supervising the operation of over 55 vending facilities.

- A. State resources (office space, utilities, personnel, equipment and supplies) provided to the LBOMB are not adequately monitored and documented. The agreement between the RSB and LBOMB does not define what state resources the RSB will provide to the LBOMB or any resources the LBOMB is expected to provide.

The LBOMB's annual audit reports show in-kind donations provided by the RSB totaled \$340,844, \$335,426, and \$291,313, for the years ended September 30, 2004, 2003, and 2002, respectively. The 2004 amount included rent, utilities, fifty percent of the BEP supervisor's salary, and twenty-five percent of the assistant BEP supervisor's salary. However, the RSB does not maintain documentation to support these amounts. RSB employees do not prepare time sheets or other supporting documentation to support the time spent on BEP activity. Also, office personnel indicated the RSB provides office supplies, a check printer, a computer printer, phones and phone service, e-mail, Internet service, and computers to the LBOMB employees. Additionally, the RSB pays the salary and fringe benefits of the blind vendor who operates the cafeteria used as a training facility. These costs were not included in the in-kind donation calculation.

To ensure both the RSB and LBOMB have a clear understanding of their obligations, the agreement between the RSB and LBOMB should indicate what resources each entity is expected to provide for the administration of the BEP. In addition, the RSB should track the value of in-kind donations provided to the LBOMB and ensure the in-kind donations are supported by adequate documentation. This is necessary to properly evaluate the costs of administering the BEP.

- B. The BEP does not require annual audits from a certified public accountant (CPA) of the vending facilities, and the department's internal auditor no longer performs facility audits due to budget constraints and personnel shortages.

The last audit of vending facilities performed by the department's internal auditor was for the year ended December 31, 2002. This audit, of eleven facilities in state buildings, cited various problems with facility records and procedures including internal control weaknesses, inadequate records, mathematical errors, failure to submit reports timely, noncompliance with vendor contract terms, failure to submit all required payments to the LBOMB, cash overages and shortages (including fraud), errors made by the LBOMB, improper payroll reporting, and the need for additional training of vending facility managers.

To improve accountability for vending facility operations and ensure facilities are operating in accordance with BEP guidelines, the BEP should require vending facilities to obtain annual audits. These audits should be submitted to the RSB and the RSB should follow-up on any problems cited in the audits.

- C. Sanitation inspections of BEP facilities are not performed on a timely basis. No BEP sanitation inspection forms were located for four of five large vending facilities reviewed. Office personnel indicated sanitation inspections have not been completed timely by the BEP area supervisors, due to budget cuts, personnel shortages, and additional duties for supervising or operating facilities without permanent managers. In addition, office personnel indicated semi-annual

inspections completed by the county health department are not always completed timely. No copies of county health department inspections were on file for the facilities reviewed.

State regulations at 13 CSR 40-91.010(11) require each vending facility manager to maintain the facility according to state and local health laws and regulations and the RSB to conduct a bi-monthly inspection of each vending facility to ensure it is being operated in accordance with federal and state laws and regulations.

The BEP should ensure sanitation inspections of vending facilities are performed on a timely basis to ensure the health and safety of facility patrons is adequately safeguarded.

- D. The BEP has not actively pursued vending sites in colleges, universities, and other large state agency locations. For example, there is only one BEP vending site operating within Department of Corrections' facilities and there are no BEP vending sites within state colleges and universities, or the Department of Transportation offices. BEP personnel indicated past efforts to pursue vending sites at some of these facilities have met with substantial resistance, so site development efforts have been minimal the last few years. For example, colleges and universities may receive large bonuses from their vending contractors; therefore, it appears they are reluctant to release vending operations to the BEP. In addition, some departments operate their own vending machines and use the profits to benefit inmates (Corrections) or pay for employee social events.

Section 8.705, RSMo, indicates blind persons shall be given priority in the operation of vending facilities on state property, including real property owned, leased, rented, or otherwise controlled or occupied by any department, agency or body of this state, including roadside rest areas, except the Department of Mental Health. The BEP should actively pursue vending sites in colleges, universities, and other large state agency locations to maximize opportunities for blind persons to achieve success as self-employed business persons by operating vending facilities.

WE RECOMMEND the department, through the RSB:

- A. Ensure future contracts with the LBOMB clearly document the resources to be provided by each entity to administer the BEP. In addition, the RSB should monitor and track state resources provided to the LBOMB and ensure the value of these resources is supported by adequate documentation so the cost of administering the BEP can be properly evaluated.
- B. Require independent audits of BEP facilities. The RSB should follow-up on any problems cited in the audit reports.
- C. Ensure sanitation inspections of BEP facilities are performed on a timely basis.

- D. Actively pursue BEP vending facility sites at colleges, universities, and other state agency locations.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. Clearer definition of responsibilities and the provision of resources as stated in the nominee agreement will be considered during the next meeting of the LBOMB board of directors in January, 2006. RSB will set up a process through SAM II coding to permit better tracking of BEP costs to the RSB. This will be in place no later than January 1, 2006.*
- B. *We disagree with this recommendation. Area Supervisors and office accounting staff ensure accountability and operational function of the managed facilities on a daily basis in accordance with the BEP administrative rule, including verification of expenses and income which must be reported to LBOMB/BEP on a weekly basis. An independent annual audit, including facility reports and receipts, is conducted on BEP and LBOMB. BEP will follow-up on any audit findings received from the independent annual audit.*
- C. *We partially agree with this recommendation. The BEP program has taken action to improve the issue of timely facility inspections, including hiring area supervisors to fill positions that have been vacant since 2001. The BEP cannot however, dictate the timeliness of local health department reviews. In order to capture data provided by city, county or federal inspectors, BEP has begun requiring copies of these outside inspections be filed at the RSB central office.*
- D. *We agree with this recommendation. RSB agrees that expansion to new vending sites is important but it must not be grown past the staff resources available to manage them. The BEP will continue ongoing discussions with state agencies, colleges and universities not currently served by a BEP facility in order to develop new vending opportunities. BEP will continue to develop the resources and the number of trained managers necessary to allow for expansion to operate additional facilities.*

AUDITOR'S COMMENT

- B. The functions performed by the Area Supervisors and office accounting staff may not be sufficient to prevent and/or correct various problems with facility records and procedures. The functions performed by these employees were in place during the period the internal audits performed by the department revealed significant internal control weaknesses and other problems. It does not appear reasonable to eliminate the auditing function.

6. Personnel Matters

Proposals for vision-related consulting services are not requested, and payments to the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Also, consulting services are not adequately monitored. Additionally, a federal

grant was used to pay an employee that worked for a non-federal program, and the Deputy Director is not serving the RSB on a full-time basis.

- A. Requests for proposals are not prepared for consultants providing vision-related services, and payments to the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Although these consultants are considered part-time state employees, they do not account for their time spent on state business and their services are not adequately monitored.

The FSD employs a consultant to act as the State Ophthalmologist to review vision tests and make visual eligibility determinations for BP and SAB applicants. This consultant's company also provides vision-related services to RSB and other department clients. As State Ophthalmologist, the consultant is paid \$833 a month.

Additionally, the RSB employs two medical consultants to provide services as needed to vocational rehabilitation counselors, because the State Ophthalmologist was unable to provide consulting services to them on a timely basis. One of the consultants resigned in February 2004 and has not been replaced. The other consultant's company also provided vision-related services to the RSB. The consultants are paid \$150 each, per month.

The consultants were paid the following for vision-related services for the three years ended June 30, 2004:

<u>Consultant</u>	<u>Amount</u>
State Ophthalmologist	\$ 29,988
State Ophthalmologist's business	46,339
Medical consultants	10,125
Medical consultant's business	4,569

We noted the following problems with these arrangements:

- Request for proposals are not periodically prepared for these services. Department personnel indicated that the State Ophthalmologist and medical consultants have been used for many years. However, it is unclear how these consultants were chosen.
- The use of the State Ophthalmologist's and a medical consultant's businesses may be conflicts of interest. Section 105.454.1, RSMo prohibits appointed officials or employees from engaging in various financial transactions with the agency with which they are affiliated and receiving in excess of \$1,500 annually, unless the transaction occurs pursuant to an award on a contract let or sale made after public notice and competitive bidding, provided that the bid or offer is the lowest received.

- The State Ophthalmologist and medical consultants are not required to prepare a time sheet or otherwise document the time spent on state business. They are considered part-time state employee, who do not receive state benefits. The RSB does not monitor and account for the type of work performed by the medical consultants to determine whether the services are necessary and the amounts paid are reasonable.

The RSB, in conjunction with the department, should periodically solicit proposals for the State Ophthalmologist and other medical consultants for vision-related services, rather than placing the consultants on the department's payroll. Soliciting proposals and entering into a truly competitive bidding process does not preclude the department from selecting the individual best suited to provide the service required.

Additionally, written agreements should be obtained which specify the services to be rendered and the manner and amount of compensation to be paid. The services should be monitored to substantiate the validity, propriety, and reasonableness of the services.

- B. The RSB used a federal grant to pay the salary and fringe benefits of an employee that worked for a non-federal program. The salary and fringe benefits paid totaled \$34,301, \$32,862, and \$32,808, for the years ended June 30, 2004, 2003, and 2002, respectively. These amounts do not include indirect costs charged to the federal grant at the state's indirect cost rate. The employee worked for the Prevention of Blindness Program, which is 100 percent state funded; however, the payroll position code assigned to the employee was incorrect. Thus, the salary and fringe benefits for the employee were charged to the federal grant for vocational rehabilitation.

The RSB should establish procedures to ensure funding for employees' salaries and fringe benefits is appropriate, based on the employees' job duties.

- C. The Deputy Director of RSB is not serving the RSB on a full-time basis, as required by federal regulation. In addition to overseeing the operations of the RSB, the Deputy Director serves as the legislative liaison for two divisions within the department and supervised the Children's Division's Constituent Unit until May 2004. The Deputy Director estimated approximately five percent of his time was spent on each of these two duties. Federal regulation 34 CFR 361.13(b)(1)(ii) requires the director of the state RSB agency to be a full-time director. The RSB needs to ensure only duties directly related to its activities are assigned to the Deputy Director.

WE RECOMMEND the department, through the RSB:

- A. Periodically solicit proposals for vision-related consulting services, rather than placing the consultants on the department's payroll. A formal written agreement

for services should be obtained which specify the services to be rendered, and the manner and amount of compensation to be paid. In addition, the services should be monitored to ensure services are valid and proper.

- B. Establish procedures to ensure funding for employees' salaries and benefits is appropriate, based on the employees' job duties.
- C. Ensure the Deputy Director serves the RSB on a full-time basis, as required by federal regulation.

AUDITEE'S RESPONSE

- A. *We partially agree with this recommendation. RSB concurs with the recommendation that vision consulting services should be performed by contracted personnel, rather than by temporary employees of the agency and RSB will discontinue the employment of the one remaining vision consultant. However, we feel that a bidding process for services of a person to perform the duties of State Supervising Ophthalmologist is not necessary.*
- B. *We agree with this recommendation. RSB has been working closely with the Division of Budget and Finance for the past 4 weeks to redo our time study. The revised study will help ensure the appropriateness of where salaries and benefits are charged in terms of Federal Grants.*
- C. *We disagree with this recommendation. RSB's Deputy Director position is appointed by the Director of the Family Support Division. As with all FSD Deputy Directors, additional duties are required of the RSB Deputy Director, including some legislative liaison duties and any other duties that support the Division. During the recent Section 107 monitoring conducted by RSB's federal partner, the nature and scope of the Deputy Director's additional duties were discussed with the monitoring personnel and were not included in the out-briefing of areas of concern.*

7. Data Conversion Contract

The RSB did not perform a thorough assessment of its needs and the problems with the existing computer system prior to contracting for data conversion and computer consulting services. In addition, the RSB oversight and monitoring of the conversion has been inadequate. Also, it appears the contract limits were designed to circumvent bid advertisement requirements and the limits were not enforced. These deficiencies have resulted in cost overruns and conversion delays.

Originally expected to be completed by September 1, 2001, at a cost of \$7,500, the RSB currently expects the conversion project to be completed in the fall 2005. Through February 2005, the RSB paid consultants over \$110,000 for data conversion and computer consulting services.

Background Information

In August 2001, the RSB contracted with a CPA firm to convert data from four older databases to one new type of database. The data included client case and payment information for the Vocational Rehabilitation, Older Blind Services, Independent Living, and Prevention of Blindness programs. The contract also provided for the training of RSB personnel to prepare reports using the new database and included a completion date of September 1, 2001, with a maximum payment of \$7,500 to be charged at \$75 per hour. However, the conversion project was not completed by September 1, 2001, and after the maximum payment was met, the CPA firm continued to work part-time on the project without a contract at \$75 per hour through August 2003.

In March 2004, the RSB contracted with a database design firm (consultant) to finish the project. The consultant was a former employee of the CPA firm and had worked on the project. The contract provided a maximum payment of \$24,500, to be charged at \$40 per hour.

In October 2004, after all funds authorized by the contract were paid to the consultant and the project was still incomplete, the RSB hired the consultant as a part-time employee at \$40 per hour (with no benefits), while waiting for the Office of Administration (OA) to procure a contract to continue the project. In March 2005, the OA executed a single feasible source procurement contract between the RSB and the consultant. The contract provides for a rate of \$45 per hour, expires on September 30, 2005, and has no dollar limit. According to RSB personnel, they expect the project to be completed when the contract expires.

Project Costs

Data conversion costs and timeframes have significantly exceeded expectations. As noted above, the project was expected to be completed in 100 hours at a cost of \$7,500. According to RSB records, the project costs from August 2001 through February 2005 are:

<u>Vendor</u>	<u>Cost</u>
CPA Firm	\$ 33,187
Consultant	39,628
Consultant, as part-time employee	<u>37,629</u>
Total cost	<u>\$110,444</u>

Problems Identified

The following contributed to the cost overrun and conversion delay:

- The RSB did not evaluate its old databases, identify the new database criteria, and estimate a reasonable cost and timeframe for the data conversion. Rather, the vendors provided their services at a specified hourly rate. As a result, the

successful outcome and cost of the conversion project was highly dependent on the RSB's ability to communicate system needs to the vendors and to monitor the ongoing project for satisfactory results.

- The RSB did not provide the vendors with clear, written guidelines for the format of the data in the new database and the type of reports needed. It appears that the monitoring of the vendors was communicated informally through discussions with the vendors.
- The old databases contained outdated and erroneous information. Both old and current federal coding related to the type of services provided was used in the old database. Thus, the same code was used for two different services. The coding had to be corrected in the old databases before conversion. In addition, some data did not pass edit checks when converted. For example, a client might have two different social security numbers or be shown to have more than one case open at a time. RSB personnel had to research the edit check errors and manually enter the correct information in the new database.
- The RSB required some information which had been previously tracked manually be entered in the new database. This information includes the amount and purpose of each expenditure for each case. The addition of this information was not considered part of the project when planning the conversion.
- The RSB required the consultant to perform duties other than those listed in the scope of the contract, including extracting information from the old databases for the preparation of federal reports.

Additionally, it appears the RSB did not follow the intent of state bidding laws or provide a legitimate opportunity for prospective vendors to compete. The RSB paid the CPA firm over \$25,000 after the initial contract expired. Also, the maximum limit in the March 2004 contract with the consultant was established at less than \$25,000, even though the RSB had not estimated the amount of time necessary to complete the project. Additionally, although bids were obtained, the consultant, who had previously worked on the project with the CPA firm, was considered the only responsive bidder for the March 2004 contract and was awarded the current contract as a single feasible source.

The RSB must comply with the state's purchasing guidelines, such as soliciting competitive bids for purchases of \$3,000 or more, and referring purchases of \$25,000 or more to OA. Chapter 34, RSMo provides that bids/proposals be advertised for purchases over \$25,000. Soliciting proposal and entering into a truly competitive bidding process does not preclude the RSB from selecting the vendor or individual best suited to provide the service required. Good bidding practices provide the RSB with a range of possible choices and allow it to make a better informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost.

Summary and Conclusion

It appears the RSB could have reduced the cost and time spent on the data conversion and computer consulting by performing and documenting a thorough assessment of its needs and the problems with the existing computer system, advertising for competitive bids, and enforcing contract limits. It will continue to be critical for the RSB to monitor the project closely to ensure the database is complete and accurate, the anticipated completion date is met, and cost overruns are kept to a minimum.

WE RECOMMEND the department, through the RSB, closely monitor the project progress. In the future, if the RSB procures computer system services, the RSB should perform and document a thorough needs assessment and identify the problems with existing systems prior to entering into contracts for computer services. The procurement process should be handled in a manner consistent with the intent of state law. Also, a written agreement should be prepared which clearly specifies the services to be provided, the cost of the services, and a reasonable estimate of the time necessary to provide the services.

AUDITEE'S RESPONSE

We agree with this recommendation. RSB will continue to closely monitor the data conversion project. If future work is needed which involves any computer consulting, RSB will do a thorough needs assessment in conjunction with the division's information technology personnel and will follow all state procurement procedures.

8. Capital Asset Records and Procedures
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The RSB needs to improve its records and procedures for capital assets. The department's Division of General Services (DGS) is responsible for maintaining all department capital assets records, with the RSB being responsible for attaching property tags and taking the physical inventories. At May 12, 2005, the RSB was responsible for capital assets totaling approximately \$3.4 million.

- A. A physical inventory of the capital assets is not completed on an annual basis as required by state regulations.

Office personnel indicated physical inventories had not been requested by the DGS for several years prior to January 2004, and a physical inventory of the BEP capital assets was not conducted in January 2004 because the DGS did not provide an inventory listing for the physical inventory. In addition, the January 2004 physical inventory of the RSB central office capital assets was not completed. Only a portion of the capital assets were located. The inventory list indicated 72 items were located, 384 items were not located, and 86 items were sent to the DGS to be surplus. However, our review of the capital asset records showed some of the surplus items were not removed from the capital asset

records by the DGS as of June 2005. It appears the RSB made no effort to complete the 2004 physical inventory or to resolve the discrepancies.

Annual physical inventories are necessary to establish proper accountability over capital assets. In addition, the Code of State Regulations, at 15 CSR 40-2.031, requires an annual physical inventory of capital assets and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. Timely and proper review of discrepancies is necessary to maximize the benefit of the physical inventory procedure.

- B. Some purchases were not recorded in the capital asset records. Four cafeteria equipment purchases and the related installation charges, totaling approximately \$490,000, were not recorded in the capital asset records. For two of the purchases, paid invoices were not itemized to provide the cost of each item purchased. For the third purchase, an itemized invoice was received, but was not provided to the employee responsible for obtaining inventory tags for the items, so the items were not tagged and added to the capital asset records. The fourth purchase was added to the capital asset records after we brought the omission to the attention of RSB personnel. In addition, a vehicle purchased in February 1995 for \$10,500 was not recorded on the capital asset records until we inquired about the vehicle's tag number.

The failure to record property items reduces the control and accountability over capital assets and increases the potential for loss, theft, or misuse of assets. In addition, all disbursements for capital assets should be supported by itemized documentation to ensure capital asset costs can be determined and the amounts paid are proper and represent appropriate uses of public funds.

WE RECOMMEND the department, through the RSB:

- A. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
- B. Establish procedures to ensure all capital assets are tagged and recorded in the capital asset records. Additionally, disbursements for capital assets should be supported by itemized documentation.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. RSB is currently working closely with the Division of General Services to develop a current inventory list which can be used to conduct a physical inventory.*

B. *We agree with this recommendation. RSB has already begun tagging and recording all capital assets and documenting their acquisition.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION FUND AND
REHABILITATION SERVICES FOR THE BLIND
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Division of Family Services (DFS) was established in 1974. Pursuant to the Governor's Executive Order 03-02, issued in February 2003, the duties of the Income Maintenance Unit of the DFS were transferred to the newly created Family Support Division (FSD). The FSD administers several financial assistance programs, including the Blind Pension and Supplemental Aid to the Blind programs, and maintains an office in each county and in the city of St. Louis. Denise Cross served as the Director of the FSD until June 2005. She was replaced by Janel Luck, as Interim Director, who continues in that position.

The Rehabilitation Services for the Blind (RSB) is a unit within the FSD which administers service programs for the blind and visually impaired and serves as the commission for the blind. The RSB has local offices in seven locations in the state. The Deputy Director of the RSB is appointed by the Director of the FSD. Sally Howard served as the Deputy Director until January 2002. She was replaced on an interim basis by Bill Hagood, who served in that capacity until March 2003. Dr. Betty Davidson was appointed Deputy Director at that time and served until November 2003. She was replaced by Mike Fester who served as Interim Deputy Director until December 2003, when he was named full-time Deputy Director. Mr. Fester continues in that position.

The State Rehabilitation Advisory Council for the Blind was established by the Governor's Executive Order 93-01, issued in February 1993, to advise the RSB on planning, development, support, implementation, and evaluation of rehabilitation services. The council consists of up to 21 individuals appointed by the Governor to be broadly representative of rehabilitation interests of persons in the state who are blind or severely visually impaired.

Blind Pension (BP): The BP program was established in 1921 and is governed by Sections 209.010 to 209.160, RSMo. The program is funded by a state property tax of three cents per \$100 of assessed valuation, which is deposited in the Blind Pension Fund. The tax is authorized by Article III, Section 38(b) of the Missouri Constitution and Section 209.130, RSMo. The program provides assistance for blind persons who do not qualify under the supplemental aid to the blind law (state funded program) and who are not eligible for Supplemental Security Income (SSI) benefits (federally funded). BP recipients must not have real or personal property worth more than \$20,000, excluding real estate occupied as a home. Each eligible person receives a monthly cash grant and state-funded Medicaid, but is not allowed to receive any other public assistance payments.

Supplemental Aid to the Blind (SAB): The SAB program was established to comply with Title XVI, Section 1618, of the Social Security Act and Section 208.030, RSMo. The program is operated in conjunction with the BP program and is funded by the Blind Pension Fund. The SAB program provides blind persons, age 18 or older, who meet certain requirements, with reasonable subsistence in accordance with the standards developed by the FSD. SAB recipients

must not have real or personal property, excluding real estate occupied as a home, worth more than \$2,000 for a single individual, or \$4,000 for a married couple, and must comply with the income limits established by the FSD. Eligible individuals receive a monthly cash grant and Medicaid, but are not allowed to receive any other public assistance payments, except SSI. SAB payments are reduced by the amount of SSI benefits received.

Vocational Rehabilitation (VR): The VR program provides services necessary to enable blind and visually impaired individuals to obtain and retain suitable employment. Services include counseling and guidance, job placement, travel, training, equipment, physical restoration, and instruction in communication, personal management and homemaking skills. The program is funded by both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by Rehabilitation Act Amendments of 1992, the Workforce Investment Act of 1998, and the Rehabilitation Act Amendments of 1998.

Business Enterprise Program (BEP): The Randolph-Sheppard Vending Stand Act and Section 8.705, RSMo, mandate that priority be given to legally blind individuals in the operation of vending facilities existing or to be developed on property owned, leased, or occupied by the federal and state governments. The provisions of the Act are administered by the RSB through its BEP and the program is funded with both federal and state funds through the VR program. The BEP assists blind persons to achieve success as self-employed business persons by providing facilities, training, inventory, and equipment to enable blind persons to operate vending facilities.

Supported Employment: This program provides time-limited intensive on-the-job support services for clients with the most severe disabilities that have not been successful in obtaining and retaining employment through the VR program. The program is funded by both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by the Rehabilitation Act Amendments of 1998.

Independent Living Rehabilitation: This program provides services 1) to families with visually impaired children up to age 14 for educational advocacy, parent education referral and resource information, and counseling, 2) to visually impaired adults for equipment, physical restoration, training in areas of communication, personal management and homemaking skills, 3) to blind and visually impaired individuals over age 55 for eye exams, peer counseling, low vision aids, training in orientation and mobility, communication and other activities of daily living. This program is funded with both federal and state funds and is governed by the Rehabilitation Act of 1973, as amended by Rehabilitation Act Amendments of 1992.

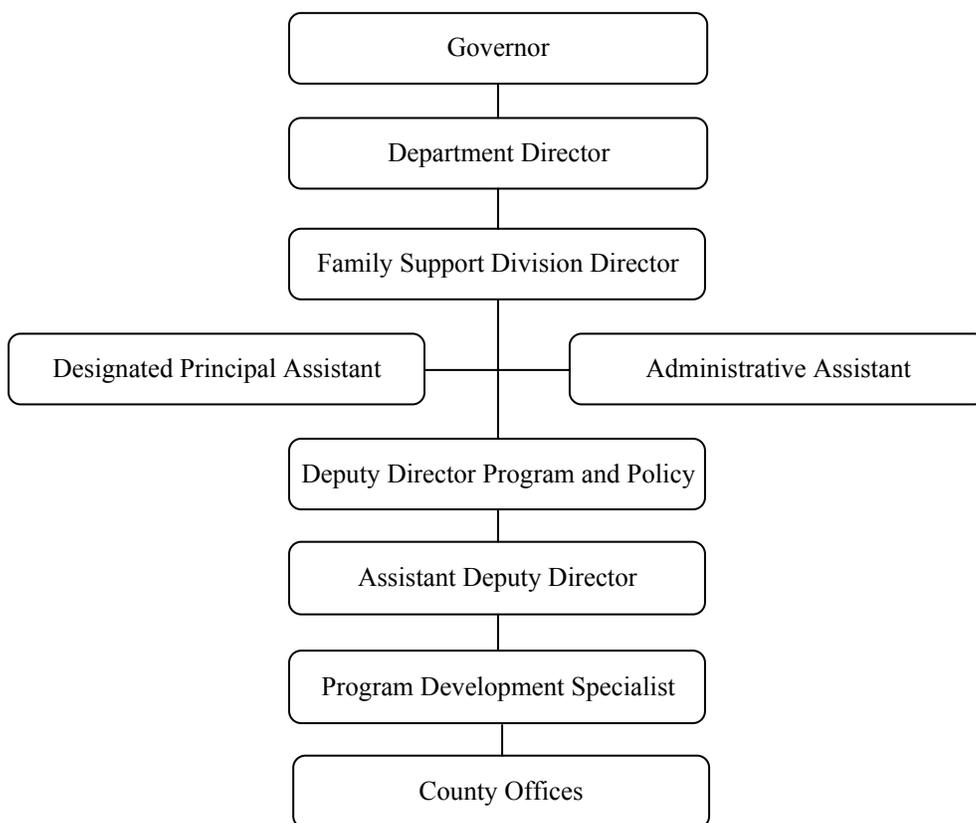
Prevention of Blindness: This program arranges for and provides eye care to medically indigent persons, including treatment, surgery, hospitalization, medication, and other physical restoration services, as well as a glaucoma program and screening clinics for glaucoma and vision. The program is funded entirely with state funds and is governed by Sections 207.010, 207.202, and 209.010, RSMo.

Readers for the Blind: This program provides up to \$500 per year to meet the cost of reader services for eligible blind individuals who are attending eligible post-secondary institutions. The

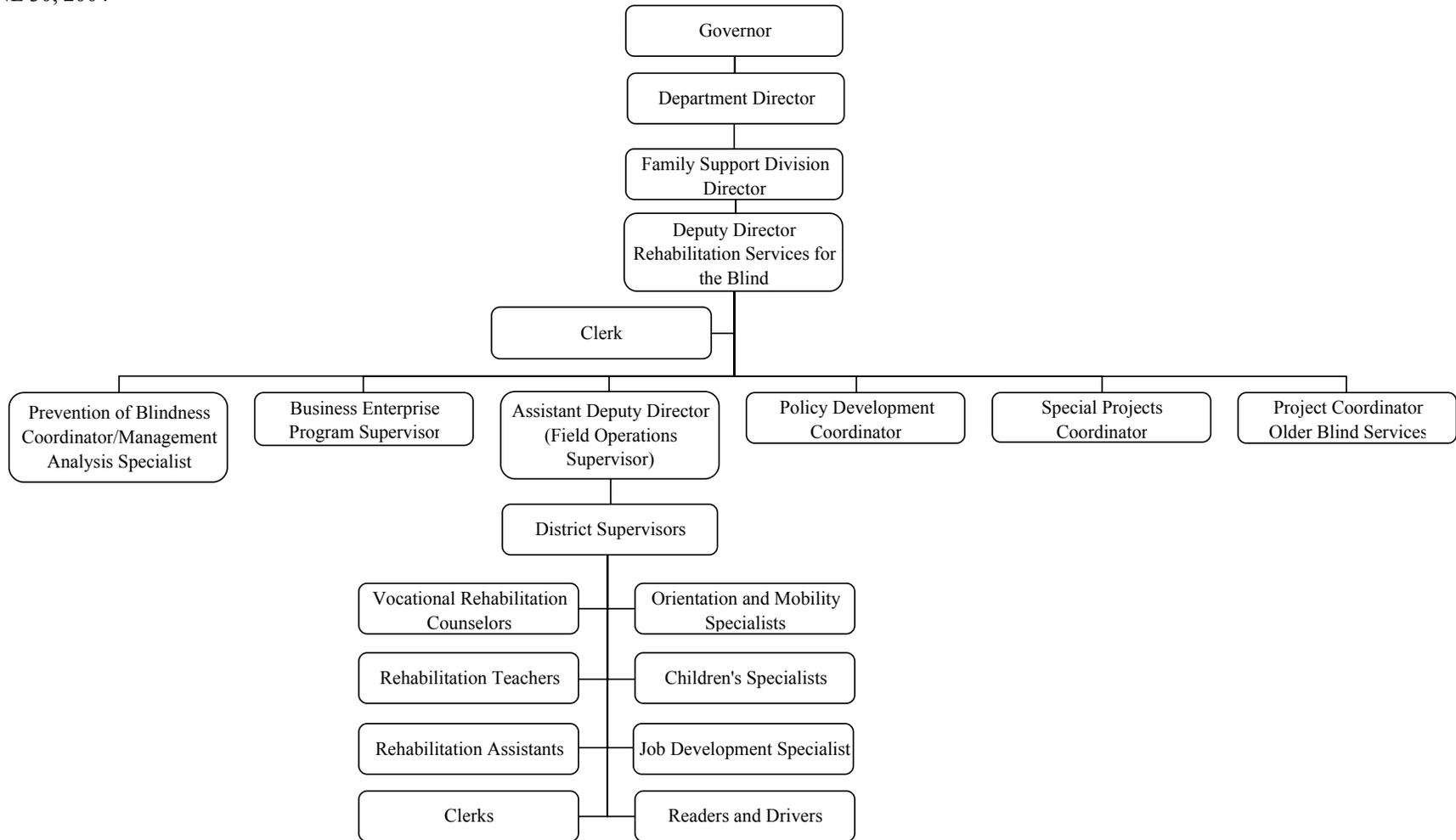
program is funded entirely with state funds and is governed by Sections 178.160 to 178.180, RSMo.

At June 30, 2004, the RSB employed 102 full-time and 48 part-time staff. The part-time staff includes 39 readers/drivers, for the blind and visually impaired RSB staff. The readers/drivers are utilized on an as needed basis. Organization charts for the BP/SAB programs and RSB follow:

DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION
BLIND PENSION AND SUPPLEMENTAL AID TO THE BLIND PROGRAMS
ORGANIZATION CHART
JUNE 30, 2004



DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 REHABILITATION SERVICES FOR THE BLIND
 ORGANIZATION CHART
 JUNE 30, 2004



Appendix A

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 BLIND PENSION FUND

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 CASH AND INVESTMENTS

	Year Ended June 30,		
	2004	2003	2002
RECEIPTS			
Penalties and court awards	\$ 0	6,664	0
Cost reimbursements	41,593	48,777	25,509
Pension refunds	73,105	11,659	3,402
Blind pension tax	22,762,851	21,490,139	20,988,032
Miscellaneous	559	2,630	40
Total Receipts	<u>22,878,108</u>	<u>21,559,869</u>	<u>21,016,983</u>
DISBURSEMENTS			
Personal service	836,131	548,403	542,901
Employee fringe benefits	275,914	171,511	175,555
Expense and equipment	335,838	178,622	165,768
Hancock refunds	0	13,761	0
State office building rent	7,796	7,431	12,142
State office building maintenance and repair	1,084	1,010	1,625
Program distributions	<u>21,188,265</u>	<u>18,592,574</u>	<u>17,619,656</u>
Total Disbursements	<u>22,645,028</u>	<u>19,513,312</u>	<u>18,517,647</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	233,080	2,046,557	2,499,336
CASH AND INVESTMENTS, JULY 1	<u>12,495,281</u>	<u>10,448,724</u>	<u>7,949,388</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 12,728,361</u>	<u>12,495,281</u>	<u>10,448,724</u>

Appendix B

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 BLIND PENSION FUND
 COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2004			2003			2002		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
BLIND PENSION FUND									
Blind Administration Personal Service	\$ 854,016	836,131	17,885	573,580	548,403	25,177	573,580	542,901	30,679
Blind Administration Expense and Equipment	210,637	210,630	7	93,027	71,207	21,820	93,027	58,773	34,254
Blind Pensions	20,580,572	19,763,554	817,018	18,793,348	18,567,876	225,472	17,567,588	17,431,046	136,542
Division of Family Services, Administrative Services									
Expense and Equipment	0	0	0	62,417	0	62,417	62,417	37,233	25,184
Services for Visually Impaired	1,549,935	1,549,908	27	310,000	132,046	177,954	310,000	267,017	42,983
Unemployment Benefits	0	0	0	200	74	126	0	0	0
Total Blind Pension Fund	\$ 23,195,160	22,360,223	834,937	19,832,572	19,319,606	512,966	18,606,612	18,336,970	269,642

Appendix C

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 BLIND PENSION FUND
 COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 836,131	548,403	542,901
Travel, in-state	110,937	36,033	23,553
Travel, out-of-state	2,803	896	2,078
Fuel and utilities	857	375	186
Supplies	21,134	7,034	5,612
Professional development	11,996	400	475
Communication services and supplies	32,479	9,697	9,272
Services:			
Professional	129,391	109,990	110,630
Housekeeping and janitorial	1,142	649	126
Maintenance and repair	4,073	4,287	4,378
Office equipment	1,325	7,061	418
Other equipment	10,113	2,048	6,850
Building lease payments	60	0	0
Equipment rental and leases	338	36	0
Miscellaneous expenses	9,179	123	1,740
Program distributions	21,188,265	18,592,574	17,628,751
Total Expenditures	\$ <u>22,360,223</u>	<u>19,319,606</u>	<u>18,336,970</u>

Appendix D

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 REHABILITATION SERVICES FOR THE BLIND
 COMPARATIVE STATEMENT OF EXPENDITURES (BY FUND)

		Year Ended June 30,		
		2004	2003	2002
General Revenue Fund	\$	821	1,582,791	893,835
Division of Family Services Donation Fund		80,809	0	91,869
Temporary Assistance for Needy Families Fund - Federal		61	88	0
Department of Social Services - Federal and Other		8,049,713	8,364,267	8,125,721
Blind Pension Fund		2,595,838	750,541	867,063
Total Expenditures	\$	<u>10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

Appendix E

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 REHABILITATION SERVICES FOR THE BLIND
 COMPARATIVE STATEMENT OF EXPENDITURES (BY TYPE)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 3,387,544	3,552,523	3,745,482
Travel, in-state	232,496	269,348	337,043
Travel, out-of-state	8,043	9,745	16,668
Fuel and utilities	6,436	2,758	2,969
Supplies	95,589	88,292	88,762
Professional development	12,473	12,123	10,789
Communication services and supplies	74,260	68,018	83,762
Services:			
Professional	193,519	147,411	112,550
Housekeeping and janitorial	5,055	2,831	1,675
Maintenance and repair	25,479	33,437	35,939
Computer equipment	72,957	27,967	117,078
Office equipment	28,347	18,880	7,647
Other equipment	364,298	486,198	161,684
Property and improvements	275	0	0
Real property rentals and leases	120	213,910	200,726
Equipment rental and leases	411	1,101	462
Miscellaneous expenses	16,283	25,574	26,777
Program distributions	6,203,657	5,737,571	5,028,475
Total Expenditures	\$ <u>10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

Appendix F

DEPARTMENT OF SOCIAL SERVICES
 FAMILY SUPPORT DIVISION
 REHABILITATION SERVICES FOR THE BLIND
 COMPARATIVE STATEMENT OF EXPENDITURES (BY PROGRAM)

	Year Ended June 30,		
	2004	2003	2002
Vocational rehabilitation program	\$ 5,896,896	5,621,043	5,201,730
Business enterprise program	387,739	495,921	165,853
Supported employment program	43,200	38,656	30,927
Independent living program - children and adults	65,970	53,738	57,887
Independent living program - older adults	559,481	571,914	340,283
Prevention of blindness program	250,974	250,447	309,632
Other programs	135,438	113,445	126,694
Personal service*	3,387,544	3,552,523	3,745,482
	<u>\$ 10,727,242</u>	<u>10,697,687</u>	<u>9,978,488</u>

* Personal service costs are not included in the applicable program amounts. Personal service costs are allocated to various programs as direct charges or through time studies.